

REGIONAL NEWS

Hormel profits rise on diversification moves

AUSTIN, MINN. — Hormel Foods Corp., the maker of Jennie-O turkey and Dinty Moore stew, said fiscal second-quarter profit rose 3.2 percent as the company expanded its brand repertoire, reducing its reliance on meat processing.

Net income in the three months ended April 26 rose to \$33.8 million, or 24 cents a share, from \$32.7 million, or 23 cents, a year earlier, the company said. Sales rose 5 percent to \$1 billion.

Hormel in December bought the Diamond Crystal sugar and seasonings business from Imperial Sugar Corp., part of a push toward name-brand foods that are more profitable than bulk meats. Operating profit from Hormel's branded-foods business jumped 43 percent from a year earlier to \$37.2 million, the company said.

Earnings per share in the quarter matched the average analyst estimate in a poll by Thomson Financial. Shares of Austin-based Hormel fell 13 cents to \$22.85. The stock has climbed 15 percent from a 22-month low reached on March 17.

Bloomberg News

EARNINGS

2nd quarter FY2003, 4/26

	2003	2002	% chng.
Revenue	\$1,002.6	\$954.6	+5.0
Income	33.8	32.7	+3.2
Earn/share	0.24	0.23	+4.3

6 months

	2003	2002	% chng.
Revenue	\$2,021.1	\$1,937.6	+4.3
Income	80.7	83.1	-2.8
Earn/share	0.58	0.59	-1.7

Figures in millions except for earnings per share.

Patterson Dental Co.

(PDCO) Distributes dental and veterinary supplies and equipment.

4th quarter FY2003, 4/26

	2003	2002	% chng.
Revenue	\$447.3	\$399.8	+11.9
Ops. Net	33.6	27.6	+21.9
Income*	33.6	27.6	+21.9
Earn/share*	0.49	0.40	+22.5

12 months

	2003	2002	% chng.
Revenue	\$1,657.0	\$1,415.5	+17.1
Ops. Net	116.3	95.3	+22.1
Extra**	3.4	—	—
Income*	119.7	95.3	+25.6
Earn/share*	1.75	1.40	+25.0

Figures in millions except for earnings per share.

* Excluding goodwill amortization, fiscal 2002 net income would be \$28 million, or 41 cents per diluted share, in the fourth quarter, and \$96.9 million, or \$1.42 per diluted share, for the fiscal year.

** First-quarter 2003 cumulative effect of accounting change.

Nash Finch Co.

(NAFC) Food wholesaler and owner and operator of supermarkets.

1st quarter FY2003, 3/22

	2003	2002	% chng.
Revenue	\$856.7	\$894.6	-4.2
Ops. Net	3.3	6.8	-51.9
Extra*	—	-7.0	—
Income	3.3	-0.2	—
Earn/share	0.27	-0.01	—

Figures in millions except for earnings per share.

* First-quarter 2002 cumulative effect of change in accounting principle.

PPT Vision Inc.

(PPTV) Makes automated inspection systems for manufacturing applications.

2nd quarter FY2003, 4/30

	2003	2002	% chng.
Revenue	\$2,237.0	\$1,607.0	+39.2
Income	-1,770.0	-1,612.0	—
Earn/share	-0.18	-0.29	—

6 months

	2003	2002	% chng.
Revenue	\$4,361.0	\$3,263.0	+33.7
Income	-2,957.0	-3,192.0	—
Earn/share	-0.29	-0.58	—

Figures in thousands except for earnings per share.

BRIEFS

- **Mocon Inc.**, Brooklyn Park, said its board of directors authorized a \$1.2 million increase in its stock repurchase program. Under the terms of the increased program, up to a total of \$3.2 million of the company's common stock may be purchased. To date, about \$628,000 in common stock has been purchased under the program.
- **NVE Corp.**, Eden Prairie, said that it has been awarded a contract by the Office of Naval Research to develop advanced Magnetic Random Access Memory (MRAM). The funding for the initial contract phase is about \$435,000.
- **Firepond Inc.**, Minneapolis, has realigned its business, with its Brightware business unit focusing exclusively on the eServicePerformer product.
- **Medtox Scientific Inc.**, St. Paul, said it received a patent securing the method and design of a new lateral-flow test strip within its diagnostic devices.
- **XATA Corp.**, Burnsville, said that, effective June 20, William Flies will discontinue his role as chairman and chief technology officer, but will remain as a company director.

Marquette Financial to buy Valley Bank of Arizona

Marquette Financial Companies has signed a definitive agreement to acquire Valley Bank of Arizona. The deal will add to its banking operations in the Phoenix and Scottsdale areas.

Valley Bank will be merged with Community Bank of Arizona, an eight-location bank owned by Marquette Financial. The acquisition adds two bank locations with assets of \$65 million, bringing total assets of the merged banking operations to \$490 million.

The estimated value of the deal is \$9 million and is expected to close in the third quarter of 2003, subject to regulatory approval.

Doug Hile, chairman and CEO of Community Bank of Arizona, said he is evaluating other acquisition candidates in Arizona and southern California and will soon start looking in Texas. Hile will oversee all bank operations from Phoenix.

Marquette Financial, a financial services company with a portfolio of banks and specialty financial service

companies, is owned by the Pohlad family of Minneapolis. Last year, the Pohlads sold 86 percent of their bank assets, most of which were in the Midwest.

Now the family is seeking growth in the fastest growing areas of the country. "The Wells Fargo transaction gave us quite a bit of capital and we are redeploying that capital in these acquisitions as well as other things the Pohlads are doing," Hile said. "We are actively seeking acquisitions in the Southwest." With banking acquisitions and the opening of new locations in the Southwest region of the country, Hile expects that part of the business to grow at a rate of 20 percent annually.

Marquette Financial holds a controlling interest in three banks in southern California and plans to grow its banking business in that area as well as actively build the non-banking financial companies, primarily based in Minnesota.

Julie Forster

Kline's Two Harbors condo to be auctioned next week

The last of three homes owned by George Kline, a prominent Twin Cities investor who pleaded guilty in 2001 to insider trading and securities fraud, will be auctioned by the U.S. Treasury Department on Wednesday.

The sale of the Two Harbors condominium is part of Kline's agreement to pay more than \$5 million in fines and forfeitures. Kline, who is serving a 6½-year prison sentence in Duluth, bought the 1,026-square-foot condo in 1993 for \$108,826. It was assessed last year at \$122,000.

The two-bedroom condo is being sold fully furnished.

It has access to Superior Beach, indoor and outdoor pools, hot tubs and a sauna.

A Bloomington condominium owned by Kline sold for \$565,000 at a government auction in January. Kline's home in Scottsdale, Ariz., sold in May 2002 for \$3.85 million after almost a year on the market. Originally listed for \$4.5 million, the 7,500-square-foot home featured a pool, spa, exercise room and a six-car garage.

Kline, who collected antique cars, sold the vehicles to help pay his fine.

Susan Feyder

INTERNATIONAL NEWS



Ed Kaiser/Edmonton Journal

Quarantined cattle grazed on a field Wednesday at Stan Walterhouse's farm in Tullibly Lake, Alberta. The cow detected with Canada's first case of mad cow in a decade was at Walterhouse's farm in 1998.

More Canadian herds quarantined in investigation of mad cow case

Infected cow's age, origin in question

By Tom Cohen
Associated Press

TORONTO — Seven herds of cattle are now under quarantine in Canada, investigators said Thursday as officials broadened their search for the origins of North America's first case of mad cow disease in a decade.

Records indicate that the infected cow might have been born in Saskatchewan. Claude Lavigne of the Canadian Food Inspection Agency said Thursday.

If so, it would be the first case of a North American-born animal contracting bovine spongiform encephalopathy (BSE), which decimated the British beef industry in the 1990s. The only previous case of mad cow disease in North America, in 1993, involved a bull imported from Britain.

The United States banned beef imports from Canada after Tuesday's announcement that a cow from a herd in northern Alberta had contracted the disease. The U.S. market is Canada's largest, accounting for more than 80 percent of Canadian beef exports.

Four more cattle herds were placed under quarantine on Thursday, Lavigne said, including three with calves that had come from the herd where the infected cow last lived. Three other herds already were under isolation, and two more were likely to be added.

Canadian investigators have removed all the cattle from the Alberta farm in the infected cow last lived in and were destroying the herd to examine the brains for possible cases of BSE. Test results are

expected early next week; the findings will determine whether the other quarantined herds get destroyed.

Five of the herds under quarantine are in Alberta, the heart of Canada's cattle country, and two in neighboring Saskatchewan, Lavigne said.

Despite the expanded quarantine list, "there's no evidence at this time that the safety of Canada's beef has been compromised in any way," he said. "Information strongly suggests that the risk to human health from this one cow is low."

Still, the closing of big foreign markets to Canadian beef brought immediate cuts in production and uncertainty to the industry. Japan, Australia, South Korea and New Zealand also have banned Canadian beef imports.

Minnetonka-based Cargill Inc. said Wednesday that it had reduced production at a plant at High River, Alberta, because of the export embargoes. Cargill spokesman Jamie Dolynchuk said Thursday that the plant continues to operate at a reduced level as the company waits for further information from investigators.

The infected cow's owner, identified by neighbors and his brother as Marwyn Peaster, refused to comment. Peaster, 30, moved from Mississippi to Alberta in recent years, said his brother Camron.

Lavigne said officials still don't know how the stricken cow contracted BSE, and he noted that a records search had even raised questions about the infected cow's age. Originally thought to be eight years old, it might actually be six, he said.

A report by J.P. Morgan Canada said Canada's economic growth could be reduced by a half-percentage

point or more if the beef import bans last until the end of June.

The infected cow was slaughtered Jan. 31 but kept out of the food chain because it was believed to have pneumonia, officials said.

Mad cow disease first erupted in Britain in 1986 and is thought to have spread through feed made of protein and bone meal from mammals. Canada and the United States outlawed meat and bone meal feed for cattle, sheep and goats in 1997. The human form of mad cow disease, Creutzfeldt-Jakob disease, causes paralysis and death. Scientists say they think humans develop variants of Creutzfeldt-Jakob when they eat meat from infected animals.

Retailer Strouds to liquidate and close all 47 stores

LOS ANGELES — Just two years after emerging from bankruptcy, regional linen and housewares retailer Strouds is going out of business for good.

Strouds Acquisition Corp., which bought the chain of 47 stores in 2001, filed for Chapter 11 bankruptcy protection Tuesday in Los Angeles. The company plans to stay in business as long as it takes to liquidate its inventory, probably by the end of the summer. The going-out-of-business sales were set to start this week.

Strouds' 870 employees will remain on the payroll through the liquidation, according to Marc Winthrop, an attorney representing the company.

Strouds operates a store in the Galleria center in Edina and has outlets in California, Nevada and Arizona.

The decision to close the stores was made after the chain lost \$8.8 million during the past 10 months, through April.

Associated Press

DIVIDENDS

- **Hormel Foods Corp.** — 10.5 cents, regular quarterly, payable Aug. 15 to shareholders of record July 19.

Bottomliners

Eric and Bill Teitelbaum



Eric & Bill

"And you, Mark, is that your final answer?"

NATIONAL NEWS

Aetna to pay \$170 million to settle doctors' lawsuit

By Theresa Agovino
Associated Press

NEW YORK — Aetna Inc. agreed Thursday to pay \$170 million to settle a class-action suit by doctors who said its business practices cut payments to physicians and interfered with patient care, making it the first of nine named health insurers to reach such an agreement.

Doctors contended that the settlement, which also creates new payment procedures and a foundation to improve health care, will pressure other defendants, including Minnetonka-based UnitedHealth Group, to reach similar accords.

"Either they follow Aetna's lead or we look forward to trying the case," said plaintiffs' attorney Harley Tropin.

In a prepared statement, lawyers for the eight remaining insurers said they intend to "defend the case vigorously" and expect the class certification to be overturned on appeal, which would cause the case to "lose most, if not all, of its significance."

UnitedHealth Group spokesman Mark Lindsay said nothing has changed for UnitedHealth as a result of the Aetna settlement. He added that the company already has in place many of the things Aetna said it would add as part of the settlement. For instance, UnitedHealth already has a foundation run by doctors that promotes better health care nationwide.

The Connecticut State Medical Society filed a lawsuit in U.S. District Court in Miami against the Blue Cross Blue Shield Association and its 41 members, accusing them of violating the Racketeer Influenced and

Corrupt Organizations Act. It alleges that the Blue Cross plans short-changed doctors and intruded in patient care. A spokesman for the association said it hadn't seen the suit so it couldn't comment.

The settlement reached between Aetna and more than 700,000 doctors still must be approved by the federal court in Miami, which will hear the class-action suit. The suit alleges that insurers used their coercive economic power to force doctors into unfavorable contracts and used pay schemes to reduce the amount of care.

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